

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

KEYSPAN ENERGY DELIVERY NEW ENGLAND
RESPONSE TO
ATTORNEY GENERAL'S SECOND SET OF INFORMATION REQUESTS

D.T.E. 06-54

Respondent: Nancy G. Culliford

Date: September 15, 2006

Information Request AG-2-17

- Q. What is the Company's expectation regarding rate increases or decreases during both the term of the contract and when the Company would seek to renew the contract?**
- A. The AFT-CL rate negotiated by the Company is fixed for the term of the agreement. The AFT-1 rate is a tariff rate previously approved by the FERC. The Company has no knowledge regarding Algonquin's plans for seeking a general rate increase during the term of this agreement. However, any such rate increase would be subject to review and approval by the FERC and a finding that such rate was just reasonable. The Company would be entitled to intervene in any such proceeding.

At the end of the 15-year term, assuming the Company continues to show a need for the capacity, the Company would negotiate with Algonquin for the best possible rate available, whether tariff rate or negotiated rate. The Company would then compare that rate to a range of reasonably available alternatives based on price and non-price factors to determine whether to renew the contract or replace it with an alternative resource.